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Canada's Centennial



NATIONAL GROCERS COMPANY LIMITED

FORTY-SECOND

ANNUAL REPORT

FISCAL YEAR ENDED APRIL 1, 1967

NATIONAL GROCERS COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

	Fiscal year ended	
	April 1 1967	April 2 1966
CURRENT ASSETS:		
Cash.....	\$ 210,175	\$ 288,276
Accounts receivable.....	3,742,409	3,844,770
Amount receivable from partly-owned subsidiary company.....	87,813	66,796
Inventories at the lower of cost or market.....	14,382,559	14,032,635
Prepaid expenses.....	60,582	55,123
	<u>18,483,538</u>	<u>18,287,600</u>
DEDUCT—Current Liabilities:		
Bank overdrafts.....	5,555,943	5,934,722
Accounts payable and accrued liabilities.....	6,376,691	6,022,258
Loans from directors.....	206,893	354,716
Taxes payable and accrued.....	835,919	540,167
	<u>12,975,446</u>	<u>12,851,863</u>
WORKING CAPITAL.....	<u>5,508,092</u>	<u>5,435,737</u>
Accounts Receivable and Advances, subject to special repayment terms.....	972,536	1,068,791
Government of Canada Special Refundable Tax.....	132,192	—
INVESTMENTS:		
Investment in common shares of partly-owned subsidiary company at cost less provision (Notes 1 and 2).....	90,594	73,634
Other investments, at approximate realizable value.....	600,737	611,206
	<u>691,331</u>	<u>684,840</u>
Land, Buildings and Equipment, at cost.....	14,933,914	13,670,273
Less—Accumulated depreciation.....	6,355,715	6,003,789
	<u>8,578,199</u>	<u>7,666,484</u>
NET ASSETS.....	<u><u>\$15,882,350</u></u>	<u><u>\$14,855,852</u></u>

REPRESENTED BY

CAPITAL STOCK:

Cumulative \$1.50 dividend redeemable preference shares— par value \$20.00 each (redemption and liquidation value \$27.50 each)— Authorized, issued and outstanding—127,362 shares (131,277 shares at April 2, 1966).....	\$ 2,547,240	\$ 2,625,540
Common Shares— Authorized—300,000 shares without nominal or par value Issued and outstanding—295,852 shares.....	295,852 <u>2,843,092</u>	295,852 <u>2,921,392</u>
EARNINGS RETAINED FOR USE IN THE BUSINESS:.....	<u>13,039,258</u>	<u>11,934,460</u>
	<u><u>\$15,882,350</u></u>	<u><u>\$14,855,852</u></u>

APPROVED ON BEHALF OF THE BOARD:

J. J. WILEY *Director*

L. R. LEHMAN *Director*

(See accompanying notes to financial statements.)

NATIONAL GROCERS COMPANY LIMITED

Toronto, June 15, 1967

TO THE SHAREHOLDERS:

Your Directors submit herewith statement of the financial position of the company with related statement of earnings for the fiscal year ended April 1, 1967, as certified by Messrs. Price Waterhouse & Company, auditors for the company.

Sales showed an increase, and were at an all-time record of \$187,853,780. A substantial portion of the increase in sales was due to the greater emphasis placed on the company's associated independently owned retailer programme, which resulted in greater activity in this area.

Thirty-one new and enlarged markets were opened during the year, along with renovations and improvements to 184 others, directed by our Service to Retailers Division. A planned expansion programme for new and up-graded retail outlets continues.

Earnings, after Corporation Taxes, amounted to \$1,504,726. This was made possible by the increase in sales volume and economies injected into our operations.

During the latter part of the fiscal year, a new, mechanized warehouse was opened at Niagara Falls, Ontario, providing for the amalgamation of the Niagara Falls and St. Catharines branches. A new, modern warehouse was opened at Ottawa, and an additional Cash & Carry depot was put into operation in that city. The company continues with improvements and mechanization of present warehouses wherever possible. The newly-constructed warehouses at Ottawa and Niagara Falls were financed out of company funds.

The building at 21 Front St. East, Toronto, which has housed our Head Office and our Gold Medal Products' operations for many years, was taken over by the City in September for a proposed Centennial Project. As a result of the relatively short notice to vacate, some difficulties were encountered in finding suitable accommodation for the re-location of the Gold Medal operation. Many of the wide range of items under our controlled labels, therefore, are being produced, in accordance with our standards and specifications, by other manufacturers. The Head Office is now re-located in the Foy Building, Suite 400, 32 Front St. West, Toronto.

Dividends were paid at the rate of \$1.50 per share on Preference Shares and 60¢ per share on Common Shares.

The Directors wish to express their appreciation of the loyal and efficient services rendered by all of the company's employees, and the loyal support of customers and suppliers during the past year.

On behalf of the Board of Directors,

J. J. WILEY,
President.

NATIONAL GROCERS COMPANY LIMITED

STATEMENT OF EARNINGS

	Fiscal year ended	
	April 1 1967	April 2 1966
Net sales.....	<u>\$187,853,780</u>	<u>\$177,155,032</u>
Earnings from operations for the year, before providing for the undernoted charges	\$ 4,244,560	\$ 3,880,051
DEDUCT:		
Provision for depreciation of buildings and equipment.....	897,449	846,722
Interest charges (net).....	296,659	297,178
Remuneration of directors and executive officers.....	151,382	148,963
Company's portion of (profit) loss of partly-owned subsidiary company (Note 1).....	(16,960)	50,959
	<u>1,328,530</u>	<u>1,343,822</u>
Earnings before providing for taxes on income.....	2,916,030	2,536,229
DEDUCT:		
Provision for taxes on income.....	1,460,000	1,208,000
Net earnings before the undernoted item.....	<u>1,456,030</u>	<u>1,328,229</u>
ADD—Gain on sale of property.....	48,696	22,925
Net earnings for the year, including gain on sale of property.....	<u>1,504,726</u>	<u>1,351,154</u>
Earnings retained for use in the business at beginning of year.....	11,934,460	10,957,733
	<u>13,439,186</u>	<u>12,308,887</u>
DEDUCT:		
Dividends on—		
Preference shares.....	194,654	196,916
Common shares.....	177,511	177,511
Premium on redemption of preference shares and tax thereon.....	27,763	—
	<u>399,928</u>	<u>374,427</u>
Earnings retained for use in the business at end of year.....	<u>\$ 13,039,258</u>	<u>\$ 11,934,460</u>

(See accompanying notes to financial statements.)

NATIONAL GROCERS COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Fiscal year ended	
	April 1 1967	April 2 1966
SOURCE OF FUNDS:		
Net earnings for the year, including gain on sale of property.....	\$1,504,726	\$1,351,154
Provision for depreciation.....	897,449	846,722
Company's portion of (profit) loss of partly-owned subsidiary company.....	(16,960)	50,959
Decrease (increase) in accounts receivable and advances subject to special repayment terms.....	96,255	(199,877)
Decrease (increase) in other investments.....	10,469	(77,780)
	<u>2,491,939</u>	<u>1,971,178</u>
APPLICATION OF FUNDS:		
Payment of Special Refundable Tax.....	132,192	—
Net expenditures for additions to capital assets.....	1,809,164	1,601,593
Redemption of preference shares.....	106,063	—
Dividends on —		
Preference shares.....	194,654	196,916
Common shares.....	177,511	177,511
	<u>2,419,584</u>	<u>1,976,020</u>
Increase (decrease) in working capital.....	<u>\$ 72,355</u>	<u>\$ (4,842)</u>

(See accompanying notes to financial statements.)

NOTES TO FINANCIAL STATEMENTS APRIL 1, 1967

1. The accounts of the subsidiary have not been consolidated with these accounts because of the degree of ownership in, and relative unimportance of, the subsidiary. The company's portion of the subsidiary's profit for the year has been recorded in the Statement of Earnings.
2. As at April 1, 1967 the company had guaranteed bank loans of the subsidiary not in excess of \$600,000.
3. The company and its subsidiary are obligated under long term leases to pay annual aggregate minimum rentals of \$449,953 (exclusive of taxes, insurance and other occupancy charges).

REPORT OF OUR AUDITORS

To the Shareholders of National Grocers Company Limited:

We have examined the statement of financial position of National Grocers Company Limited as at April 1, 1967 and the related statements of earnings and source and application of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements, with the notes thereto, present fairly the financial position of the company as at April 1, 1967 and the results of its operations and the source and application of its funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 6, 1967

PRICE WATERHOUSE & CO.

Chartered Accountants.

DIRECTORS

R. H. BAINARD, *Chairman*

L. R. LEHMAN

J. A. MEDLAND, B.COMM., C.A.

B. H. SHELLY, B.COMM.

P. S. LENNIE

A. C. PLATER

J. J. WILEY

OFFICERS

J. J. WILEY

President and General Manager

B. H. SHELLY, B.COMM.

Vice-President

A. C. PLATER

Vice-President

L. R. LEHMAN

Secretary-Treasurer and Comptroller

THE SUPPLY HOUSE FOR



DISTRIBUTION WAREHOUSES IN THE PROVINCE OF ONTARIO

Belleville

Kingston

Oshawa

Sault Ste. Marie

Brantford

Kirkland Lake

Ottawa

Smiths Falls

Chatham

Kitchener

Owen Sound

Stratford

Cochrane

Lindsay

Parry Sound

Sudbury

Cornwall

London

Pembroke

Timmins

Gore Bay

New Liskeard

Peterborough

Toronto (Bramalea)

Guelph

Niagara Falls

St. Catharines

Toronto (Terminal)

Hamilton

North Bay

St. Thomas

Welland

Kapuskasing

Orillia

Sarnia

Windsor